MOHAMMAD HAFIZ HAMIDUN v. KAMDAR SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
MOHD RADZI HARUN J
[SUIT NO: WA-22IP-13-04-2017]
22 DECEMBER 2022

Abstract – *In an assessment of damages arising from the tort of passing off, when dealing with celebrities or highly-known figures, the determination of the appropriate quantum of damages must correspond with the status and stature of that celebrity which could be garnered from his personal achievements and fan base.*

TORT: *Passing off – Damages – Assessment – Claim by celebrity – Determination of appropriate quantum of damages – Factors taken into account – Status and stature of celebrity – Personal achievements and fan base*

The plaintiff, an artist, incorporated Mikraj Concept Sdn Bhd which was later renamed as Haje Sdn Bhd for the purposes of carrying out the plaintiff's trade in fabrics. The defendant was primarily engaged in the business of selling fabrics. The plaintiff sued the defendant for tort of passing off as it was discovered that the defendant was selling certain goods with the label 'Hafiz Hamidun', which was the plaintiff's own name. The High Court allowed the claim. The High Court's decision was reversed by the Court of Appeal. Upon appeal, the Federal Court reversed the Court of Appeal's findings and re-instated the decision of the High Court in allowing the plaintiff's claim. Hence, the present proceedings which pertained to the assessment of the plaintiff's damages. In his claim, the plaintiff sought for an amount of RM5 million in damages for the loss of his goodwill and RM54,000 for the loss of endorsement fee/royalty.

Held (awarding RM200,000 for loss of goodwill and RM54,000 for loss of endorsement fee/royalty):

(1) In the context of celebrities, it is quite apparent that the goodwill in their work or trade is particularly generated by their personal achievements and fan base. To demonstrate his stature as an accomplished singer and a widely renowned celebrity, the plaintiff provided evidence to show that he was listed as one of the top 500 global influential Muslims in the category of Arts and Culture, alongside Dato' Seri Siti Nurhaliza. The court took judicial notice that despite this evidence, the plaintiff could not claim his standing as a Malaysian celebrity to be at par with that of Dato' Seri Siti Nurhaliza. (paras 29 & 30)

(2) There is no conclusive method to determine a celebrity's popularity. However, one of the acceptable methods, *albeit* subjective, that is often cited as a measure of the recognition, acceptance and approval of a

celebrity fame, is by the count of that celebrity's social media following, particularly the number of followers on their Instagram accounts. The court took judicial notice of a known fact that the top ten Malaysian celebrities recorded between 6 to 8.5 million followers on their respective Instagram accounts. The 100th celebrity on that list held 1.8 million followers. In comparison, the plaintiff had 1.1 million followers on his Instagram account. (para 29)

Case(s) referred to:

Brown and another v. Jam Factory Pty Ltd And Another [1981] 35 ALR 79 ***(refd)***
Dormeuil Freres SA And another v. Feraglow Limited And Another [1990] RPC 449 ***(refd)***
Esso Petroleum Co Ltd v. Mardon [1976] 2 All ER 5 ***(refd)***
Fenty & Ors v. Arcadia Group Brands Ltd (Trading As Topshop) & Anor [2015] 1 WLR 3291 ***(refd)***
General Tire and Rubber Co v. Firestone Tyre And Rubber Co Ltd [1976] RPC 197 ***(refd)***
Guan Soon Tin Mining Company v. Wong Fook Kum [1968] 1 LNS 43 FC ***(refd)***
Guangdong Foodstuffs Import & Export (Group) Corporation v. Tung Fook Chinese Wine [1982] Co Ltd And Another HCA011061A/1995 ***(refd)***
Irvine & Anor v. Talksport Ltd [2002] 2 All ER 414 ***(refd)***
Juggi Lal Kamlapat And Juggilal-Kamiapat Mills Of Cawnpore v. Swadeshi Co Ltd [1928] 46 RPC 74 ***(refd)***
Leather Cloth Company v. Hirschfield [1865] LR 1 Eq 299 ***(refd)***
Livingstone v. Rawyards Coal Co [1880] 5 App Cas 25 ***(refd)***
Mohammad Hafiz Hamidun v. Kamdar Sdn Bhd [2021] 6 CLJ 799 FC ***(refd)***
PJ Uniform Sdn Bhd v. St John Ambulans Malaysia [2018] 1 LNS 1790 CA ***(refd)***
Pneumatic Tyre Co Ltd v. Puncture Proof Pneumatic Tyre Co Ltd [1899] 16 RPC 209 ***(refd)***
Prince Manufacturing Inc And Another v. ABAC Corporation Australia Pty Ltd And Another [1984] 57 ALR 159 ***(refd)***
Spalding (AG) & Bros v. AW Gamage Ltd And Benetfink & Co Ltd [1915] 32 RPC 273 ***(refd)***
Taiping Poly (M) Sdn Bhd v. Wong Fook Toh & Ors [2011] 3 CLJ 837 FC ***(refd)***
The United Horse-Shoe And Nail Co Ltd v. John Stewart And Co [1888] 5 RPC 260 ***(refd)***

For the plaintiff - Habizan Rahman & Thevini Nayagam; M/s Rahman Rohaida
For the defendants - Eugene Joseph & Yong Cheng Aik; M/s Joseph Chambers

Reported by Najib Tamby

JUDGMENT

Mohd Radzi Harun J:

Introduction

[1] The plaintiff had succeeded in his appeal at the Federal Court where the decision of the High Court to allow his claim against the defendant for the tort of passing off, which was reversed by the Court of Appeal, was restored. (See judgment of the Federal Court in *Mohammad Hafiz Hamidun v. Kamdar Sdn Bhd* [2021] 6 CLJ 799, [2021] 4 MLJ 878).

[2] The proceeding in issue before me was for the assessment of the plaintiff's damages, following the said decision of the Federal Court.

[3] The plaintiff had asked for an amount of RM5 million in damages for the loss of his goodwill, and RM54,000 for loss of endorsement fee/royalty. This court had allowed an amount of RM200,000 for the plaintiff's goodwill and RM54,000 for his loss of endorsement fee/royalty.

[4] This court had also allowed interest at the rate of 5% p.a. on the said sum calculating from the date of the filing of the plaintiff's action to the date of full realisation thereof.

[5] The plaintiff appealed partially against the decision of this court, namely against this court's award of RM200,000 for his loss of goodwill instead of his claim of RM5 million for the same.

Salient Facts

[6] I would regurgitate the facts of the case as so succinctly set out in the judgment of the Federal Court.

[7] The plaintiff is an artist, popularly known as a Nasyid singer and song composer. In addition to his role as an artist, the plaintiff is also in the fabrics business and selling his own line of clothing online and in boutiques. The plaintiff incorporated Mikraj Concept Sdn Bhd ('MCSB') which was later renamed as Haje Sdn Bhd ('HSB') for the purposes of carrying out his fabrics business.

[8] The defendant is a company incorporated in 1972, primarily engaged in the business of selling fabrics. At the material time, the defendant had 29 stores throughout various locations in Malaysia.

[9] The issue arose sometime in February 2017, when the plaintiff received messages from his fans and/or followers on social media asking him whether certain goods sold by the defendant with the label "Hafiz Hamidun" were actually his.

[10] The plaintiff maintains that "Hafiz Hamidun", which words are his own name, is an unregistered trademark which the plaintiff uses, for among other purposes, his own fabrics line. The plaintiff asserts that by selling products with the same label, the defendant passed off the unregistered trademark of "Hafiz Hamidun".

[11] The plaintiff instructed his solicitors to write to the defendant to demand that they cease using the label "Hafiz Hamidun" on their products. The letter, which is dated 13 February 2017 received no reply. Following that letter however, the defendant stopped using the words "Hafiz Hamidun" and instead replaced it with "Afiz Amidun". The plaintiff avers that it is plain and obvious to the eye of any reasonable person that the new label is

still the plaintiff's name but without the two letters "H" in the first letter of each word. In sound, style and substance however, the label is obviously the same.

[12] Aggrieved, the plaintiff sued the defendant in the High Court on 14 April 2017. It is most pertinent to note that upon the filing of this suit, the defendant ceased entirely the use of "Hafiz Hamidun" and "Afiz Amidun". The High Court decided in favour of the plaintiff, a decision which was reversed by the Court of Appeal.

[13] In a landmark decision, the Federal Court reversed the Court of Appeal's findings and reinstated the decision of the learned judge of the High Court in allowing the plaintiff's claim. The Federal Court held that:

(i) the evidence was quite overwhelming that there was goodwill attached to the name "Hafiz Hamidun" such that any misrepresentation of it would cause or is likely to cause damage to the goodwill of a business conducted using it;

(ii) a celebrity had *locus standi* to maintain an action in passing off even if some other business uses his or her name. The goodwill in the name "Hafiz Hamidun" belonged to the plaintiff and not HSB, in that, the unregistered trademark was identified with the plaintiff;

(iii) the defendant was a mere outsider who had otherwise no business to use the unregistered trademark without consent and by which it has generated profit through deception;

(iv) the essential element, apart from showing that they have goodwill, is the element of misrepresentation. A claim in passing off is established if the general public is led to believe that the celebrity in question has endorsed the goods or item in question. The misappropriation and deceptive use of a celebrity's name for commercial gain is an issue which is consonant with the purpose for which the tort of passing off was developed to remedy;

(v) it is not sufficient to make out a case of passing off merely by illustrating that the celebrity's name or image was or has been used in a certain way *per se*. What is important is "the belief which this false representation engenders in the minds of the purchasers must play a part in their decision to buy" to the extent that the "impugned activity involves a false representation that there is a connection between the claimant and the goods in issue of a relevant kind". The members of the public, comprising the plaintiff's "fans", were led to believe that the goods sold by the defendant under the name 'Hafiz Hamidun' were the plaintiff's or that he had somehow endorsed them. Therefore, there was clearly deception on the part of the defendant by misappropriating the goodwill in the plaintiff's name, "Hafiz Hamidun".

Issue For Determination Before This Court

[14] Following that decision, the matter came before this court to assess the plaintiff's damages for the defendant's tortious act of passing off. Particularly, as the decision of the learned High Court Judge was reinstated by the Federal Court, the issue for determination before this court is only to assess the damages as ordered by the learned High Court Judge, *viz*:

> Suatu taksiran untuk ganti rugi di hadapan Hakim untuk kerugian yang dialami oleh Plaintif berkenaan dengan penjualan kain dan/atau fabrik baju melayu yang dicetak dan dilabelkan dengan nama dan/atau jenama "Hafiz Hamidun".

[15] As indicated in the earlier paragraph, this court had ordered damages in the amount of RM54,000 for loss of endorsement fee/royalty and a further amount of RM200,000 for the plaintiff's goodwill.

[16] As this appeal is only against this court's decision regarding the quantum of damages for the plaintiff's loss of goodwill, these grounds shall focus on this heading of damages only.

Finding

[17] The defendant premised its objection to the plaintiff's claim for loss of goodwill on the following grounds:

(i) the plaintiff must prove damage, particularly in the sum of RM5 million as claimed;

(ii) the defendant's act of passing off was limited and thus the plaintiff cannot be awarded with such huge sum of damages;

(iii) the claimed amount of RM5 million exceeds the defendant's profit obtained from the defendant's sale of the impugned material and/or fabric.

[18] This court agrees with the defendant's counsel's submission that it is the plaintiff's duty to establish his entitlement to the damages claimed by bringing in evidence to prove the amount he claimed he is entitled, for otherwise the plaintiff must be awarded with nominal damages. This principle was set out in *Guan Soon Tin Mining Company v. Wong Fook Kum* [1968] 1 LNS 43 when the Federal Court held:

> Where he succeeded in proving the fact of damage, but not its amount, he would again be entitled to an award of nominal damages only ... it is not enough to write down the particulars and so to speak, throw them at the head of the court, saying, 'This is what I have lost: I ask you to give me these damages.' They have to prove it.

[19] This established principle was further affirmed in the seminal decision of the Federal Court in *Taiping Poly (M) Sdn Bhd v. Wong Fook Toh & Ors* [2011] 3 CLJ 837; [2018] Supp MLJ 312 where the Federal Court held:

> The onus is upon the plaintiff to prove the loss actually sustained by reason of the defendant's conduct. The plaintiff is entitled to such damages as naturally flow from their unlawful act, and that there is no artificial limitation in the case of a passing off action. ... Speculative and unproven damage are also excluded.

[20] Relying on *Guan Soon Tin Mining* and *Taiping Poly*, the defendant argued that as the plaintiff failed to provide proof of the amount of damage as a result of the passing off, and in the absence of expert evidence to assist the court to evaluate the plaintiff's goodwill, this court must disallow the plaintiff's exorbitant claim of RM5 million and instead the plaintiff is entitled to an award of nominal damages only.

[21] The defendant further asked this court to consider the case of *PJ Uniform Sdn Bhd v. St John Ambulans Malaysia* [2018] 1 LNS 1790; [2018] MLJU 1698. In this case, the Court of Appeal awarded to St John Ambulans Malaysia damages of RM200,000 only despite having considered the fact that St John Ambulans Malaysia had existed in Malaysia since the 1900s, its status as a charitable organisation and that the infringer, PJ Uniform Sdn Bhd, had admitted the sales involving the wrongful use of St John Ambulans' mark for a period of over 30 years.

[22] In *Taiping Poly*, Richard Malanjum CJSS (later CJ), having referred to an extensive list of authorities[1] and scholarly works in *McGregor on Damages* (16th edn), set out the following principles in determining the appropriate quantum to be awarded to a litigant who had succeeded in his claim for passing off:

(i) damages for passing off is the loss of business profits caused by the diversion of the plaintiff's customers to the defendant as a result of the defendant's misrepresentation by reason of the presence of the deceptive goods on the market;

(ii) the onus is upon the plaintiff to prove the loss actually sustained by reason of the defendant's conduct;

(iii) the plaintiff is entitled to such damages as naturally flow from the defendant's unlawful act, and that there is no artificial limitation in the case of a passing off action;

(iv) it cannot be presumed that the amount of goods sold by the defendant under an infringing trademark would have been sold by the plaintiff if not for the defendant's unlawful use of the trademark;

(v) it is compensatory, that is, to put the plaintiff in the same position he would have been had the wrong not been committed;

(vi) damages is to be assessed liberally;

(vii) there is no hard and fast rule to follow which is foolproof and universally accepted as it depends on the facts of each case;

(viii) it is also necessary to exclude those customers of the defendant who were not misled in making their purchases. Otherwise, the plaintiff would be overcompensated.

[23] It is this court's finding that in *Taiping Poly*, in line with its conclusion that there is no hard and fast rule to follow which is foolproof and universally accepted in assessing the quantum of damages for passing off as it is facts-driven, the Federal Court had made it unequivocally clear that it was not laying down any specific rule to be followed even by the lower court on method of calculating damages for trademark infringement. Instead, the Federal Court reiterated again and again that the rule to be applied is based on facts before each court, taking into account that the claimant has the burden of proving their loss, that the damages should be liberally assessed but at the same time realising that the object is to compensate the claimant and not to punish the defendant.

[24] Applying the formula as set out in *Taiping Poly*, this court ruled that the correct method to calculate plaintiff's loss of business profits shall be the quantum caused by the diversion of the plaintiff's customers to the defendant as a result of the defendant's misrepresentation of the plaintiff's "Hafiz Hamidun" mark using an acceptable multiplication of assumed profits.

[25] Apart from adhering to the above principle as set out in *Taiping Poly*, in determining the appropriate quantum to be awarded to the plaintiff, this court also took the cue from the decision of the Federal Court when it decided to overturn the decision of the Court of Appeal in favour of the plaintiff that:

> ... goodwill is a flexible and malleable asset in that it can manifest and be generated in a myriad of ways depending on the nature of the trade or business. Specifically, in the context of celebrities, it is quite apparent that the goodwill in their work or trade is particularly generated by their personal achievements and fan base.

[26] This court resolved from that proposition that when dealing with celebrities such as the plaintiff, determination of the appropriate quantum of damages must correspond with the status and stature of that celebrity, which could be garnered from his personal achievements and fan base.

[27] In determining the issue of liability in favour of the plaintiff, the Federal Court had considered and accepted the decision of the English courts in *Irvine & Anor v. Talksport Ltd* [2002] 2 All ER 414, [2002] 1 WLR 2355 ('*Irvine*') and *Fenty & Ors v. Arcadia Group Brands Ltd (Trading As Topshop) & Anor* [2015] 1 WLR 3291 ('*Topshop*'). Both of these cases involved

celebrity of a certain standing. In *Irvine*, the claimant was Mr Edmund "Eddie" Irvine, a prominent F1 race car driver. Irvine sued the defendant for an edited photograph taken from another photograph of the claimant holding a mobile phone. The edited photograph was made to look as though the claimant was holding a portable radio with the defendant's radio station in the same picture. In *Topshop*, the claimant was Rihanna, a hugely popular singer, who sued the defendant for the distribution and sale of t-shirts with printed photograph of Rihanna, without her consent. Both celebrities succeeded in their respective claims.

[28] This court had also referred to and considered the damages that were awarded to both of these celebrities. Eddie Irvine was paid GBP25,000 in damages, regarded as a "reasonable endorsement fee" the defendant would have had to pay in order to obtain lawfully that which it in fact obtained unlawfully. Rihanna sued for GBP3.3 million. Although the court did not make any specific order for damages to her, the court allowed her application to ban the sale of the impugned t-shirts at Topshop stores. Topshop was also ordered to pay over GBP1 million for her legal costs.

[29] This court had considered the evidence provided by the plaintiff to demonstrate his stature as an accomplished singer and a widely renowned celebrity (refer particularly the plaintiff's affidavit in reply where in exhibit HH-5 the plaintiff was enlisted as one of the top-500 global influential Muslims in the category of Arts and Culture, alongside Dato' Seri Siti Nurhaliza). This court took judicial notice that despite this evidence, the plaintiff cannot claim his standing as a Malaysian celebrity to be at par with that of Dato' Seri Siti Nurhaliza. This is an undeniable fact. This court again took judicial notice that there is no conclusive method to determine a celebrity's popularity. But one of the acceptable methods, *albeit* subjective, that is often cited as a measure of the recognition, acceptance and approval of a celebrity fame, is by the count of that celebrity's social media following, particularly the number of followers on their Instagram accounts. This court took further judicial notice of a known fact that the top ten Malaysian celebrities recorded between six million to 8.5 million followers on their respective Instagram accounts. The 100th celebrity in that list holds 1.8 million followers. In comparison, the plaintiff has 1.1 million followers on his Instagram account.

[30] This court is conscious of the fact that such relative and subjective fact cannot on its own be a determinant factor to be adopted by this court in deciding the quantum of damages to be awarded to the plaintiff. But recognising the decision of the Federal Court that in the context of celebrities, it is quite apparent that the goodwill in their work or trade is particularly generated by their personal achievements and fan base, the number of followers on the plaintiff's Instagram account is one way to assist this court to know the state of his fan base, comparing that with his other celebrity colleagues.

[31] Having considered all the above, and also taking into account the 72-day period (31 January 2017 to 12 April 2017) involved in the defendant's commission of the tortuous act of passing off, and bearing in mind that the said period was not a festive period (Hari Raya Aidil Fitri in 2017 fell on 25 to 26 June 2017), I find a sum of RM200,000 as an award for the damage to the plaintiff's goodwill as a reasonable and just amount.

Endnote:

1. Among the cases referred to were: *Dormeuil Freres SA And Another v. Feraglow Limited And Another* [1990] RPC 449; *Guangdong Foodstuffs Import & Export (Group) Corporation v. Tung Fook Chinese Wine* [1982] *Co Ltd And Another* HCA011061A/1995; *Prince Manufacturing Inc And Another v. ABAC Corporation Australia Pty Ltd And Another* [1984] 57 ALR 159, [1984] FCA 356; *Spalding (A G) & Bros v. AW Gamage Ltd And Benetfink & Co Ltd* [1915] 32 RPC 273; *Leather Cloth Company v. Hirschfield* [1865] LR 1 Eq 299; *The United Horse-Shoe and Nail Co Ltd v. John Stewart and Co* [1888] 5 RPC 260; *Pneumatic Tyre Co Ltd v. Puncture Proof Pneumatic Tyre Co Ltd* [1899] 16 RPC 209; *Livingstone v. Rawyards Coal Co* [1880] 5 App Cas 25; *Esso Petroleum Co Ltd v. Mardon* [1976] 2 All ER 5, [1976] QB 801; *Brown and another v. Jam Factory Pty Ltd And Another* [1981] 35 ALR 79; *General Tire And Rubber Co v. Firestone Tyre And Rubber Co Ltd* [1976] RPC 197; *Juggi Lal Kamlapat And Juggilal-Kamiapat Mills Of Cawnpore v. Swadeshi Co Ltd* [1928] 46 RPC 74